

Fundamentals:

Hong Kong stocks retreated by the most in more than four months as further signs of slowdown in mainland China hurt the nation's currency. A sell-off in Chinese banks deepened, while minutes from a Federal Reserve meeting showed officials still favour more tightening this year.

The Hang Seng Index dropped 3 per cent to 18,533.05 at the close of Thursday trading, the worst sell-off since a 3 per cent loss on March 10, after sliding as much as 3.3 per cent earlier. The Tech index lost 1.7 per cent, while the Shanghai Composite Index declined 0.5 per cent.

Tencent weakened 2.6 per cent to HK\$326.80, JD.com plunged 2.3 per cent to HK\$135.50 and Alibaba Group slipped 1.4 per cent to HK\$81.50. Macau casino operator Sands China tumbled 5.3 per cent to HK\$26.70, and peer Galaxy Entertainment declined 1.8 per cent to HK\$49.95. Developer Longfor tumbled 2.7 per cent to HK\$18.28.

A Hang Seng sub-index of banking stocks slumped 4.8 per cent, the most since May 2020, to extend a sell-off sparked by Goldman Sachs' downgrades of top Chinese lenders including ICBC and the Agricultural Bank. ICBC fell 3.2 per cent while ABC lost 3 per cent. Construction Bank lost 3.5 per cent and HSBC dropped 1.2 per cent.

Investors had "low expectations for policy easing and structural reforms this year," Goldman Sachs said in a survey of its local clients. "Local clients viewed these additional easing measures as 'policy put' to reduce growth headwinds, rather than to generate strong growth."

The yuan weakened by the most in a week to a seven-month low of 7.2518 per dollar before recovering to 7.2463 in recent trading, according to Bloomberg data. A report this week showed China's services sector grew at the slowest pace in five months in June. The currency has lost more than 5 per cent over the past three months, falling to a level not seen since October.

Most investors doubted China would contribute significantly to an acceleration in global economic activity over a 12-month horizon, BCA Research said in a survey of clients. Foreign investors dumped US\$360 million of yuan-denominated shares last quarter, according to Stock Connect data.

Elsewhere, minutes from the Fed's June meeting showed most members agreed to hold rates steady, while at the same time indicated further tightening was likely. Fed fund futures are pricing in at least two more rate hikes this year, starting from as early as this month's meeting, according to odds compiled by CME Group.

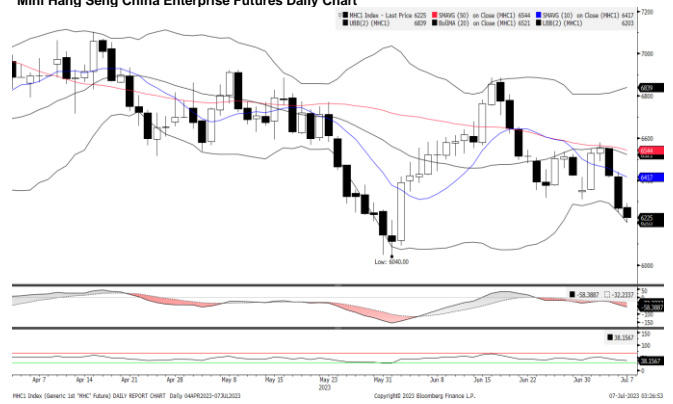
Major Asian markets also retreated on Thursday. The Nikkei 225 in Japan declined 1.7 per cent, the Kospi in South Korea lost 0.9 per cent and the S&P/ASX 200 in Australia declined 1.2 per cent.

(Source: South China Morning Post)

Mini Hang Seng Futures Daily Chart



Mini Hang Seng China Enterprise Futures Daily Chart



Technical Analysis

Mini Hang Seng

1st Resistance: 18820 2nd Resistance: 19098
 1st Support: 18264 2nd Support: 17986
 MACD: -116.644
 MACD DIFF: -41.3931
 RSI: 39.3679

Mini Hang Seng China Enterprise

1st Resistance: 6362 2nd Resistance: 6456
 1st Support: 6174 2nd Support: 6080
 MACD: -43.104
 MACD DIFF: -17.473
 RSI: 39.6172

Strategy:

Mini Hang Seng: Long: Profit target: 18447 Stop-loss: 18173 Long: Profit target: 18166 Stop-loss: 17986

Short: Profit target: 18820 Stop-loss: 18632 Short: Profit target: 18907 Stop-loss: 19194

Mini Hang Seng China Enterprise: Long: Profit target: 6236 Stop-loss: 6143 Long: Profit target: 6141 Stop-loss: 6050

Short: Profit target: 6362 Stop-loss: 6298 Short: Profit target: 6391 Stop-loss: 6488

Contracts	Chg	Sett	High	Low
H. SENG FUT JUL 23	-478	18542	19022	18500
H. SENG FUT AUG 23	-480	18588	19052	18561
H. SENG FUT SEP 23	-475	18579	19030	18564
H. SENG FUT DEC 23	-478	18542	19022	18500
MINI H. SENG FUT JUL 23	-478	18542	19035	18500
MINI H. SENG FUT AUG 23	-480	18588	19062	18550
MINI H. SENG FUT SEP 23	-475	18579	19057	18541
MINI H. SENG FUT DEC 23	-478	18542	19035	18500
HSCEI FUT JUL 23	-155	6268	6442	6248
HSCEI FUT AUG 23	-155	6298	6456	6280
HSCEI FUT SEP 23	-156	6298	6425	6286
HSCEI FUT DEC 23	-155	6268	6442	6248
MINI HSCEI FUT JUL 23	-155	6268	6441	6248
MINI HSCEI FUT AUG 23	-155	6298	6468	6278
MINI HSCEI FUT SEP 23	-156	6298	6465	6280
MINI HSCEI FUT DEC 23	-155	6268	6441	6248

Major HSI Constituent Stocks	Close	Change	High	Low
*AIA Group Ltd	77.2	-3.2	80.35	77.2
**Tencent Holdings Ltd	326.8	-8.6	337	325.4
*HSBC Holdings PLC	61	-0.65	61.85	60.9
**China Construction Bank Corp	4.43	-0.1503	4.6	4.42
**Ping An Insurance Group	49.45	-1.5	51	49.3
**Meituan	120.6	-3.9	124.6	119.7
*Hong Kong Exchanges & Clearing Ltd	290	-7.4	296.8	287
**Alibaba Group Holdings Ltd	81.5	-1.15	83.7	80.5
**Xiaomi Corp	11.14	0.02	11.42	11
**ICBC	3.66	-0.1225	3.79	3.64

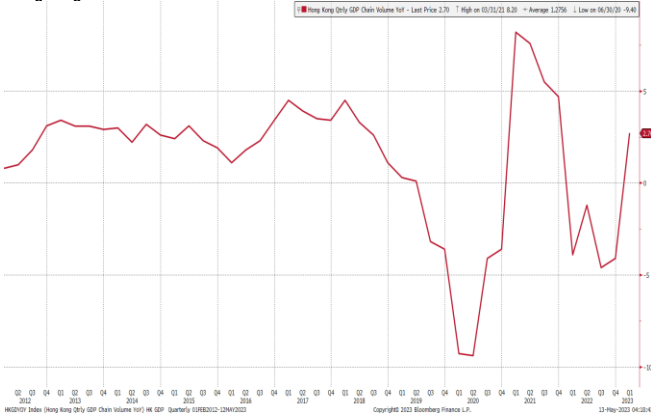
Major HSCEI Constituent Stocks	Close	Change	High	Low
*Wuxi Biologics Cayman Inc	38.2	-0.85	38.7	37.6
**China Mobile Ltd	64	-0.5	64.7	63.7
**Bank of China Ltd	2.78	-0.0697	2.88	2.77
*Techtronic Industries Co Ltd	84.65	-1.35	87.1	84
*CK Hutchison Holdings Ltd	46.25	-1.35	47.7	46.2
*Link REIT	43.25	-0.4	43.9	42.95
*CLP Holding Ltd	59.85	-0.45	60.75	59.45
**Geely Automobile Holdings Ltd	9.78	-0.12	10.04	9.73
**CNOOC Ltd	11.58	-0.08	11.8	11.58
**ANTA Sports Products Ltd	79.35	-3.65	83.95	79

Global Equity Indices	Close	Change	High	Low
Hang Seng	18533.05	-577.33	18973	18483.08
HSCEI	6268.53	-221.41	6431.68	6243.03
Shanghai Comp Index	3205.58	-17.372	3229.48	3199.716
Nikkei 225	32773	-565.68	33079.5	32637.72
KOSPI	2556.29	-22.71	2575.45	2550.67
S&P/ASX200	7163.45	-89.728	7253.2	7145.5
DJIA	33922.3	-366.38	34171.4	33771.47
S&P 500	4411.59	-35.23	4422.62	4385.05
NASDAQ	13679	-112.61	13689.5	13567.25
DAX	15528.5	-409.04	15846.3	15495.84
CAC	7082.29	-3.13	7240.2	7065.26
FTSE100	7280.5	-161.6	7442.1	7267.62

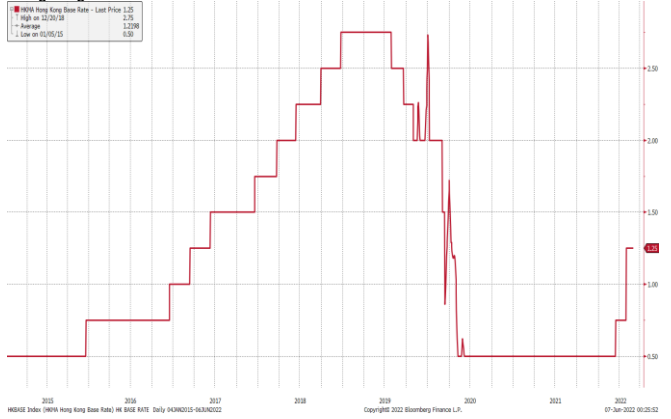
Hong Kong Economic Releases	Period	Survey	Actual	Prior	Revised
07/07/2023	Foreign Reserves	Jun	--	\$421.0b	--

China Economic Releases	Period	Survey	Actual	Prior	Revised
07/07/2023	Foreign Reserves	Jun	\$3180.00b	--	\$3176.51b
07/09/2023 07/15	Aggregate Financing CNY	Jun	3000.0b	--	1560.0b
07/09/2023 07/15	Money Supply M2 YoY	Jun	11.20%	--	11.60%
07/09/2023 07/15	Money Supply M0 YoY	Jun	--	--	9.60%
07/09/2023 07/15	New Yuan Loans CNY	Jun	2300.0b	--	1360.0b
07/09/2023 07/15	Money Supply M1 YoY	Jun	4.50%	--	4.70%
07/10/2023 09:30	CPI YoY	Jun	0.20%	--	0.20%
07/10/2023 09:30	PPI YoY	Jun	-5.00%	--	-4.60%
07/11/2023 07/18	FDI YTD YoY CNY	Jun	--	--	0.10%
07/13/2023	Trade Balance	Jun	\$75.30b	--	\$65.81b
07/13/2023	Exports YoY	Jun	-10.00%	--	-7.50%
07/13/2023	Imports YoY	Jun	-4.80%	--	-4.50%
07/13/2023	Exports YoY CNY	Jun	--	--	-0.80%
07/13/2023	Imports YoY CNY	Jun	--	--	2.30%
07/13/2023	Trade Balance CNY	Jun	--	--	452.33b

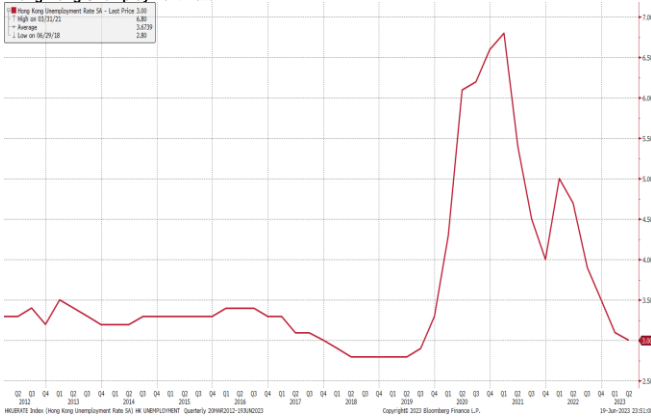
Hong Kong GDP Q on Q



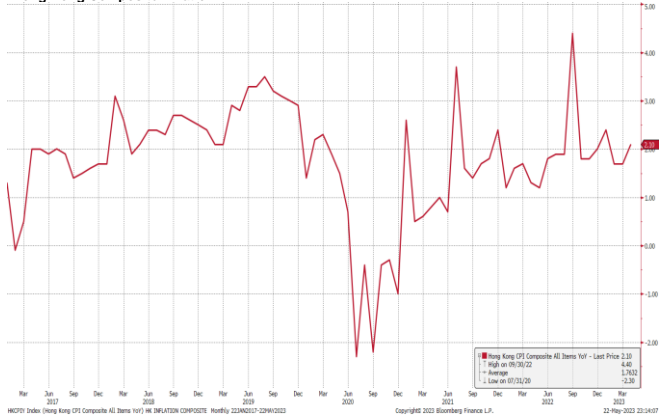
Hong Kong Base Interest Rate



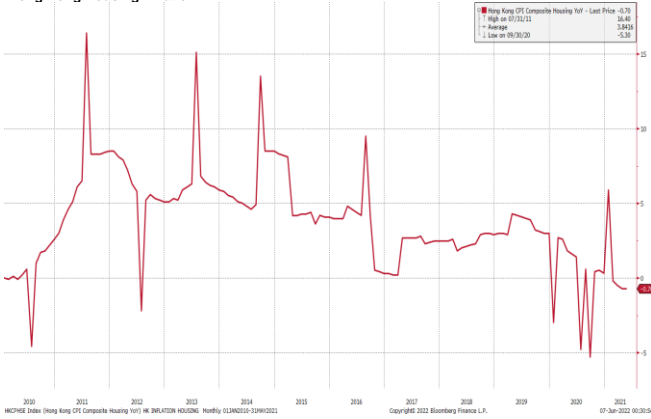
Hong Kong Unemployment Rate



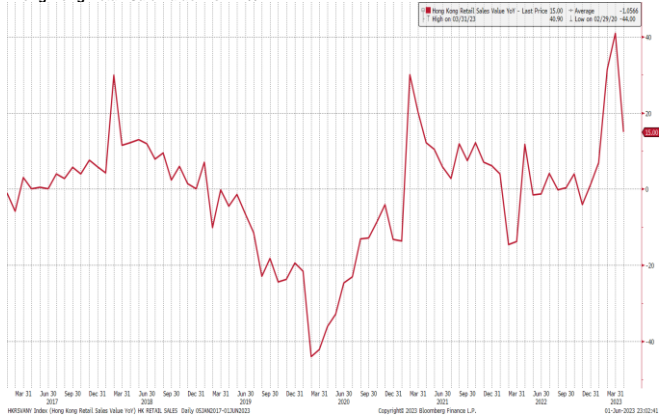
Hong Kong Composite Inflation



Hong Kong Housing Inflation



Hong Kong Retail Sale Value Y on Y %



(Source: Bloomberg)

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